



ANNUAL REPORT 1975

Grandin Towers Regency Towers Crestview Towers Oliver Place Bristol Towers
Cambrian Building Regency House Oakridge Shopping Centre Charter House
Chamber of Commerce Buildings Oliver's Beachcomber Steak Loft Lucifer's Peter
Pond Hotel Pine Point Hotel Crosstown Motor City Crosstown Recreational
Vehicle Centre Devonian Motors Mansion Mobile Homes Edmonton Van
Specialties Ltd. Crosstown Leasing Columbia Insurance Services Allarco
Financial Corporation Ltd. North West Trust Company N. A. Properties Ltd.
People's Management Ltd. Seaboard Life Insurance Company Travelers
Acceptance Corp. Ltd. Redden Construction Ltd. Citation Construction Ltd.
International Jet Air Ltd. Metropolitan Printing Metro Forms Edmonton Video Ltd.
C.I.T.V. North West Video Alberta Gas Chemicals Ltd. Parkland Nursing
Homes Ltd. Matrix Exploration Ltd. Pine Point Shopping Center Ltd. Specialties
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divisions of allarco developments ltd.

[Ownership position is 100% except as noted.]

REAL ESTATE

Rental Properties

Edmonton
Grandin Towers
Regency Towers
Crestview Towers
Oliver Place
Bristol Towers
Cambrian Building
Calgary
Regency House
Oakridge Shopping Centre
Victoria

Regency Towers Charter House (55%)

Winnipeg
Regency Towers
Chamber of Commerce Buildings

Land for Development

Alberta
Edmonton
St. Albert
Fort McMurray
Red Deer
Ontario
Hamilton/Ancaster (35%)
Other
Puerto Vallarta, Mexico
Las Vegas, Nevada (45%)

RESTAURANTS

Oliver's, Edmonton, Winnipeg,
Calgary
Beachcomber, Edmonton, Victoria
Steak Loft, Edmonton
Lucifer's, Calgary, Edmonton

HOTELS

Peter Pond Hotel Fort McMurray,
Alberta
Pine Point Hotel (50%) Pine Point,
N.W.T.

AUTOMOTIVE DIVISION

Edmonton
Crosstown Motor City
Crosstown Recreational Vehicle
Centre
Devonian Motors
Mansion Mobile Homes
Edmonton Van Specialities Ltd.
Crosstown Leasing
Columbia Insurance Services

FINANCIAL

Allarco Financial Corporation Ltd.
North West Trust Company (62%)
N.A. Properties Ltd. (62%)
People's Management Ltd.
(Manager of The Dominion
Compound Fund)
Seaboard Life Insurance Company
(65%)
Travelers Acceptance
Corporation Ltd. (Alberta) (50%)

CONSTRUCTION

Redden Construction Ltd. (55%)
Citation Construction Ltd. (55%)

AVIATION

International Jet Air Ltd.

OTHER DIVISIONS

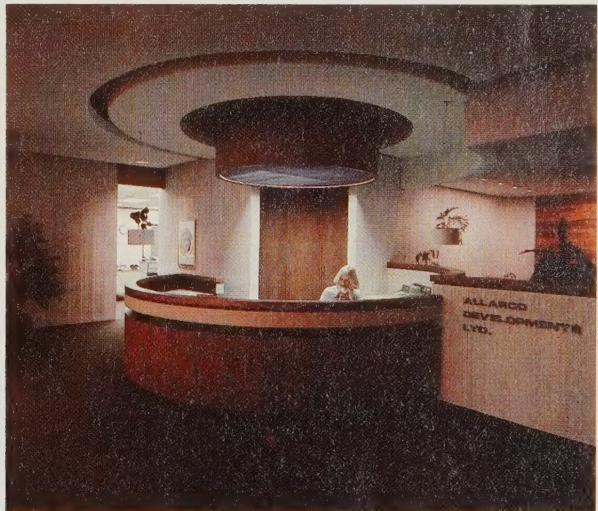
Printing
Metropolitan Printing, Edmonton
Metro Forms, Edmonton
Farm Division
Falher, Alberta
Bruderheim, Alberta
Television
Edmonton Video Ltd. - C.I.T.V.
North West Video

AFFILIATED COMPANIES

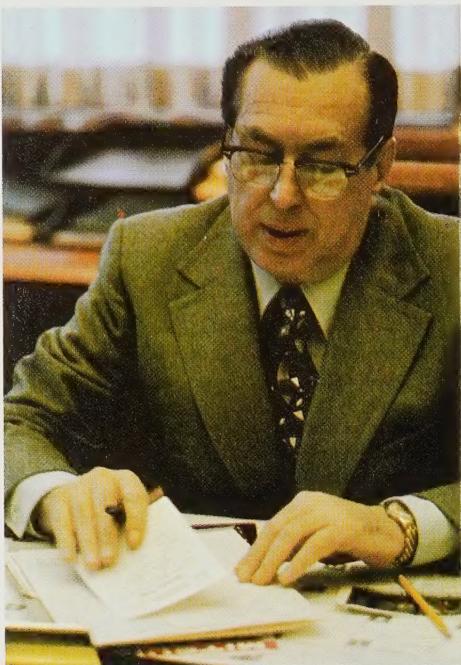
Alberta Gas Chemicals Ltd. (50%)
Parkland Nursing Homes Ltd. (40%)
Matrix Exploration Ltd. (34%)
Pine Point Shopping Center Ltd.
(50%)

historic review

(In Thousands)*	Two Months								
	Year to December			Dec.			Year to October		
	1975	1974	1973	1972	1972	1971	1970	1969	1968
Sales*	\$62,593	59,327	47,533	7,364	44,585	38,939	38,191	28,910	25,174
Operating profit*	\$ 3,025	1,482	997	90	1,191	440	960	538	398
Gain (or loss) on disposal of fixed assets and investments*	\$ 282	7	1,666	1,053	1,226	(971)	-	-	-
Net profit (loss) for the period*	\$ 3,307	1,489	2,664	1,143	2,417	(530)	960	538	398
Operating profit per share	\$ 2.19	1.07	.72	.06	.89	.33	.74	.47	.40
Net profit (loss) per share	\$.2.39	1.08	1.93	.83	1.80	(.19)	.74	.74	.40
Average shares outstanding*	1,381	1,380	1,380	1,379	1,339	1,329	1,306	1,146	1,000
Shareholders' equity*	\$17,417	14,108	12,616	9,949	8,806	6,168	6,540	5,446	1,819



report to the shareholders



On behalf of the Board of Directors I am pleased to present the 1975 annual statement. As indicated in the third quarter report an increase in fourth quarter earnings has resulted in our highest annual earnings to date of \$3,307,000 or \$2.39 per share compared to \$1,490,000 for 1974 or \$1.08 per share. During the fourth quarter all sections of the company showed improved earnings, contributing to a satisfactory year end.

FINANCIAL DIVISION

During the past few years your directors and officers have concentrated much of their attention and time on the operations of subsidiary companies which has resulted in large increases in earnings from subsidiary and affiliated companies. The financial subsidiaries, North West Trust Company and Seaboard Life Insurance Company, both have very gratifying increases in net profit. North West Trust Company showed a profit of \$2,103,665 before deferred taxes and Seaboard Life showed a net profit of \$557,000 compared to \$150,000 in 1974. The financial statement reflects Allarco's share of the profits in these two companies.

CHEMICAL DIVISION

Alberta Gas Chemicals had a very satisfactory year. The first operating methanol unit was "debugged" during 1975 and at the year end was operating at capacity. The second methanol unit at Medicine Hat did not go on stream in 1975 due to a railroad accident in November which damaged one of the main compressors. At the time of this writing the compressor is being installed in Medicine Hat and it is hoped that this second unit will start up in May of 1976. Methanol sales are good and for the next year, it is anticipated that the demand for methanol will increase with escalations in price outside of Canada. Plans have been formulated to double the methanol capacity of Alberta Gas Chemicals Ltd. largely for the purpose of building additional plants to upgrade methanol to derivative chemicals in Canada. The cost of these additional units is likely to be almost double the cost of the original. Construction of units 3 and 4 would not go ahead until a satisfactory gas supply has been obtained for feedstock.

REAL ESTATE DIVISION

Real estate sales increased to \$8,612,000 from \$7,726,000 in 1974 resulting in a profit of \$3,429,000 compared to \$2,525,000 in 1974. During the year, leased property in Vancouver on Pacific and Burrard Street was sold and approximately 1000 acres of land for development was acquired at Red Deer, Alberta in order to maintain our land inventory for development. In Edmonton, Riviera Plaza located in south Edmonton was completed and is being leased. In Yorkton, Saskatchewan a subsidiary company is constructing a 300,000 square foot shopping centre which has largely been leased. The same subsidiary has acquired a shopping centre in Lethbridge, the Avord Building in Vancouver and warehouses in Edmonton and Calgary. Real estate continues to be a major interest for Allarco and its subsidiaries and will continue to remain so for the foreseeable future.

AUTOMOTIVE DIVISION

Automotive sales increased to a total of \$30,000,000. The contributions to profit were modest considering the volume of sales and it is the intention of the directors to trim those areas of the operation which have reduced profits and to reduce inventories which have proven excessive in some areas.

RESTAURANT AND HOTEL DIVISION

Restaurants and Peter Pond Hotel operations in Fort McMurray had a satisfactory year with an excellent outlook in 1976. Sales for 1975 were \$9,600,000 up 20% from 1974. This increase was general but also reflected a full year's operation of Calgary Oliver's and the opening of Edmonton Lucifer's in the fourth quarter.

TELEVISION DIVISION

Television station CITV had a large loss in the first nine months of 1975 due to start up expenses and lower than expected summer revenues. However, by the end of the year the operation was turning a profit and it is expected that in 1976 the station will operate at a good profit. Your directors are satisfied CITV will be a good investment for the future.

CONSTRUCTION DIVISION

Construction sales were down slightly in 1975, however, contracts are in hand for 1976 which will likely result in the largest volume year to date, hopefully with a corresponding increase in profits.

AVIATION DIVISION

International Jet Air has drastically reduced operations resulting in a much more manageable situation on which to build a more viable business in hangarage, avionic installations and a much reduced flying operation.

FARM DIVISION

Farm division has been expanded somewhat in 1975 to include farm lands in the Edmonton area which were cropped in 1975. The main farming division consists of approximately 6000 acres at Falher, Alberta, under Mr. Jim Gagnon and contributed \$80,000 to profits in 1975.

As mentioned previously, in the past few years your directors have concentrated much of their time and efforts on subsidiary companies. In the immediate future it is our intention to redirect more of our efforts into Allarco's direct activities to increase the direct earnings of Allarco Developments Ltd.

Once again I would like to express my thanks on behalf of all the shareholders to all the people, the management and staff who make our operations possible.

Charles A. Allard
Dr. Charles A. Allard

A. CHEMICAL - A.G.C.L. Tank Car - 1 of a fleet of 241 cars to transport methanol throughout North America and to tidewater for worldwide shipment. [Inset] - Plant No. 1, Medicine Hat - "on stream" in 1975.

B. AUTOMOTIVE - Devonian Motors - Edmonton -America Motors, Volvo, Fiat/Lancia and Jeep dealership, now in expanded facilities opened in early 1976.

C. CONSTRUCTION - Warehouse under construction by Redden Construction Ltd.

D. SEABOARD LIFE - Head Office location at 1920 West Broadway Vancouver, B.C.



A



B



C



D



E

E. TELEVISION - Anne Murray In Concert with the Edmonton Symphony Orchestra, is one of the many star performers featured during the past year in CITV television specials produced for international syndication.

F. NORTH WEST TRUST COMPANY - New Head Office premises in Edmonton occupied in 1975.

G. RESTAURANTS - Edmonton Lucifer's - opened in the fall of 1975 [below the Steak Loft] in the heart of downtown Edmonton.

H. Oliver's - now in Edmonton, Calgary and Winnipeg with further expansions planned.



F



H



G

consolidated balance sheet

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES December 31, 1975

ASSETS	1975	1974
Cash	\$ 189,710	326,952
Accounts receivable	5,263,100	6,229,180
Inventories, at lower of cost or net realizable value	10,996,142	11,792,736
Prepaid expenses	1,792,485	1,790,439
Loans and agreements receivable (note 2)	9,251,586	10,042,195
Land for development, at cost (note 3)	9,404,073	6,114,521
Natural resources, at cost	114,903	114,903
Investments (note 4)	16,174,796	12,101,987
Fixed assets - at cost less depreciation (note 5)	47,076,598	43,756,904
Deferred assets and goodwill (note 6)	1,093,051	993,342

See accompanying notes.

On behalf of the board:

Charles A. Allard Director \$ 101,356,444
Jane Feldman Director 93,263,159

LIABILITIES	1975	1974
Bank advances, secured (note 7)	\$15,086,196	11,050,132
Accounts payable, secured	5,968,021	7,264,171
Other accounts payable and accrued liabilities	8,950,552	9,792,236
Income tax payable	44,383	99,379
7% Convertible debentures (note 8)	4,485,000	4,804,000
Mortgages and other secured obligations (note 9)	36,464,332	32,227,611
Amount owing to unconsolidated subsidiary, secured (note 9)	937,225	1,173,406
	71,935,709	66,410,935
Minority interest in subsidiaries	147,710	148,783
Provision for future income taxes (note 10)	5,069,000	4,234,792
Deferred revenue (note 11)	6,786,531	8,360,282
Shareholders' equity:		
Capital stock (note 12):		
Issued and fully paid	3,980,358	3,978,158
Retained earnings	13,437,136	10,130,209
	17,417,494	14,108,367
	\$ 101,356,444	93,263,159

auditors' report to the shareholders

We have examined the consolidated balance sheet of Allarco Developments Ltd., and subsidiaries as of December 31, 1975, and the consolidated statements of operations and retained earnings, and changes in financial position for the year then ended. Our examination of the financial statements of Allarco Developments Ltd. and those subsidiaries of which we are the auditors, included a general review of the accounting procedures and such test of accounting records and other

supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of North West Trust Company.

In our opinion, the accompanying consolidated financial statements present fairly the financial position of the company and subsidiaries as of December 31, 1975 and the results of their

operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
Chartered Accountants

Edmonton, Alberta
March 26, 1976

consolidated statement of changes in financial position

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1975

	1975	1974
SOURCE OF CASH:		
Net profit	\$ 3,306,927	1,489,576
Add items not requiring a cash outlay:		
Depreciation and amortization	1,697,069	1,366,404
Deferred income taxes	788,981	710,207
Minority shareholders' interest	[1,074]	40,029
Investments written off	-	182,318
Cost of land sold	1,571,593	949,309
Deferred revenue (earned)	[905,430]	198,517
Equity in earnings of subsidiary companies	[2,113,339]	(570,147)
Other	[210,526]	(117,807)
	4,134,201	4,248,406
Increase in bank advances	4,036,064	4,741,820
Decrease (increase) in loans, agreements and accounts receivable	794,889	(1,748,035)
Decrease (increase) in inventories and prepaids	794,548	(4,981,963)
Issue of mortgages and notes payable	11,302,516	14,835,641
Disposal of fixed assets	2,561,798	6,103,905
Issue of capital stock	2,200	2,200
	23,626,216	23,201,974
APPLICATION OF CASH:		
Land purchased and expenses capitalized	4,543,023	596,756
Decrease (increase) in accounts payable	2,147,603	(5,050,235)
Investments in and advances to affiliates	1,959,470	2,474,975
Additions to fixed assets	7,357,328	13,415,693
Payments on mortgages and notes payable	7,301,976	11,390,968
Other assets acquired	135,058	15,643
Debentures redeemed	319,000	151,000
	23,763,458	22,994,800
Decrease (increase) in cash	\$ 137,242	(207,174)

See accompanying notes.

consolidated statement of operations and retained earnings

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1975

	1975	1974
Sales and revenues (note 14)	\$ 62,592,804	59,327,743
Cost of sales and operating expenses	58,230,684	55,344,637
Divisional profits (note 14)	4,362,120	3,983,106
Head office expense	622,628	474,670
Debenture interest	321,771	339,339
	944,399	814,009
Net profit before the undernoted	3,417,721	3,169,097
Depreciation	1,697,069	1,366,404
Income taxes - currently payable - future	- 810,102	140,527 710,207
Minority interest	[1,074]	40,029
	2,506,097	2,257,167
	911,624	911,930
Equity in earnings of unconsolidated subsidiaries (note 4)	2,113,339	570,147
Operating profits	3,024,963	1,482,077
Gain on disposal of fixed assets and investments (including \$21,121 tax recovery)	281,964	7,499
Net profit for the year	3,306,927	1,489,576
Retained earnings, beginning of year	10,130,209	8,640,633
Retained earnings, end of year	\$ 13,437,136	10,130,209
Operating profit per share - basic	\$2.19	\$1.07
Net profit per share - basic - fully diluted	\$2.39 \$2.04	\$1.08 \$.96

See accompanying notes.

notes to consolidated financial statements

ALLARCO DEVELOPMENTS LTD. AND SUBSIDIARIES For the year ended December 31, 1975

1. SIGNIFICANT ACCOUNTING POLICIES:

- (a) The consolidated financial statements include the accounts of all subsidiary companies except those of Allarco Financial Corporation Ltd. which because of the fiduciary nature of the asset has been included using the equity method of accounting. Certain affiliated companies, in which Allarco owns a 50% interest have been included using the equity method of accounting. All significant intercompany transactions have been eliminated.
- (b) Inventories have been valued at the lower of cost or net realizable value.
- (c) Land for development is stated at original purchase price plus carrying charges, which include interest and real estate taxes pertaining to specific properties. Gains or losses are generally recorded in the accounts in the year of disposal, except for those cases when a significant portion of the proceeds has not been received. Under such circumstances, a reasonable portion of the gain is deferred and recorded as income when the proceeds are received.
- The company's policy is to account for investments in real estate joint ventures on the equity method in the balance sheet and the proportionate line-by-line method in the statement of operations.
- (d) The companies' depreciation policy is:
 - Buildings - 5% - 50 year sinking fund method
 - Automotive equipment - 20% to 30% straight-line method
 - Aircraft - 8½% straight-line method
 - Office, television and shop equipment - 7½% straight-line method
- (e) Goodwill is being amortized at the rate of 5% of cost per annum on a straightline basis.
- (f) The company follows the tax allocation method of providing for income taxes. Under this method timing differences between reported and taxable income (which occur when revenue and expenses recognized in the accounts in one year are taxed or claimed for tax purposes in another year) result in deferred taxes. In the case of two subsidiaries, future tax recoveries have been recognized in the accounts in loss years because in the opinion of management, it is virtually certain that future earnings will be sufficient to realize them.

2. LOANS AND AGREEMENTS RECEIVABLE:

Included in loans and agreements receivable are amounts due from directors and officers of \$142,500 (1974 - \$316,513).

Included is one non-interest bearing note for \$82,500 due in 1977 which represents the balance due in payment of 15,000 common shares acquired in 1972 from the treasury of the company.

Also included is a non-interest bearing agreement for sale in the amount of \$8,380,900 which arose in 1974 from a sale of land. The amount is receivable in annual payments over a maximum period of eight years, and may be accelerated at the buyer's option (see note 11.)

3. LAND FOR DEVELOPMENT:

	1975	1974
Opening balance	\$ 6,114,521	9,703,282
Acquisitions	3,943,519	49,081
Transfer from fixed assets	106,570	-
Carrying costs and local improvements	599,504	547,675
	<u>10,764,114</u>	10,300,038
Less land		
- sold	1,278,114	3,452,446
- transferred to fixed assets	81,927	733,071
	<u>\$ 9,404,074</u>	<u>6,114,521</u>

4. INVESTMENTS:

	1975	1974
Shares, on equity basis:		
Unconsolidated subsidiary -		
Allarco Financial Corporation Ltd.	\$ 4,570,356	3,519,114
Affiliated companies:		
Alberta Gas Chemicals Ltd.	1,893,331	856,000
Travelers Acceptance Corporation Ltd. (Alberta)	124,766	-
Other, at cost	83,229	58,319
	<u>6,671,682</u>	<u>4,433,433</u>
Advances:		
Unconsolidated subsidiary	251,930	-
Affiliated companies	2,866,986	2,688,493
Joint ventures	6,384,198	4,980,061
	<u>9,503,114</u>	<u>7,668,554</u>
	<u>\$ 16,174,796</u>	<u>12,101,987</u>

The assets of Allarco Financial Corporation Ltd. at December 31, 1975 are:

	Number of Shares	Percentage of Ownership
North West Trust Company:		
Common shares	283,241	91.9%
First preferred participating shares	36,331	17.5%
(Combined share of equity in earnings is 62%)		
Seaboard Life Insurance Company:		
Common shares	349,146	64.7%
People's Management Ltd.:		
Common shares	1,000	100.0%

The company owns 500,000 common shares of Alberta Gas Chemicals Ltd. representing 50% ownership. The company owns 100,000 common shares of Travelers Acceptance Corporation Ltd. (Alberta) representing 50% ownership. The equity in earnings of the unconsolidated subsidiary and the affiliated companies are:

	1975	1974
Allarco Financial Corporation Ltd.	\$ 1,051,242	214,147
Alberta Gas Chemicals Ltd.	1,037,331	356,000
Travelers Acceptance Corporation Ltd. (Alberta)	24,766	-
	<u>\$ 2,113,339</u>	<u>570,147</u>

5. FIXED ASSETS:

Property, plant and equipment, at cost less accumulated depreciation:	1975	1974
Automotive	\$ 5,345,359	5,088,148
Hotel and restaurants	6,248,454	5,722,054
Real estate	22,683,525	21,564,523
Aviation (including aircraft)	3,666,784	3,664,820
Television	6,871,609	5,880,249
Other	2,260,867	1,837,110
	\$ 47,076,598	43,756,904

Accumulated depreciation totalled \$5,631,781 at December 31, 1975; \$4,710,046 at December 31, 1974.

Four buildings with a total cost of \$7,742,448, are located on land held under long-term leases, each of which has an unexpired term of at least 44 years. The lease obligations on these properties for each of the next five years amount to \$115,884.

6. OTHER ASSETS, AT COST LESS AMORTIZATION:

	1975	1974
Goodwill on acquisition of subsidiaries	\$ 645,542	680,892
Deferred development expenses	447,509	312,450
	\$ 1,093,051	993,342

During the year ended December 31, 1975 goodwill of \$35,350 (1974 - \$35,350) was amortized and included in depreciation and amortization.

7. BANK ADVANCES:

Bank advances are secured by a general assignment of book debts, and a fixed and floating charge debenture payable on demand.

8. 7% CONVERTIBLE SINKING FUND DEBENTURE SERIES A:

Pursuant to the Trust Indenture, dated May 2, 1969, the company covenanted to establish a sinking fund for the retirement of these Series A Debentures by payments of \$175,000 each year from 1974 to 1987 inclusive with the balance of \$2,550,000 payable at maturity. The Debentures are dated June 1, 1969 and will mature June 1, 1989; they are secured by a first floating charge on all of the company's assets. Each \$1,000 Debenture is convertible at the holder's option, until maturity, into 65 fully paid non-assessable common shares of no par value. At December 31, 1975 the company holds \$165,000 of such debentures in anticipation of future sinking fund requirements.

9. MORTGAGES AND OTHER OBLIGATIONS:

Mortgages and other secured obligations together with secured amounts owing to the unconsolidated subsidiary carry an average interest rate of 8.75% and mature between 1976 and 2001. Principal payments due in the next five years are:

1976 \$4,105,274 1977 \$3,853,815 1978 \$3,665,699
1979 \$3,427,374 1980 \$4,230,118

10. INCOME TAXES:

The company has been reassessed in the amount of \$1,600,000 in connection with prior years' income tax returns, principally with respect to gains arising from the disposition of certain investment properties and to losses on loans. The company intends to resist these assessments. Based upon the facts known to the company and its legal counsel, it is the opinion of counsel that the company has a reasonable likelihood of succeeding against these reassessments.

11. DEFERRED REVENUE:

Deferred revenue principally consists of \$6,171,242, which arose in 1974 from a sale of land whereby title to the land will be transferred pro rata as payments are received. The maximum period over which payments will be received is eight years, but this may be accelerated at the buyer's option.

12. CAPITAL STOCK:

The authorized capital is 3,500,000 common shares without nominal or par value issuable for a maximum consideration not to exceed \$10,000,000. The issued and fully paid common shares are as follows:

	1975	1974		
	Number of Shares	Value Received	Number of Shares	Value Received
Opening balance	1,380,588	\$3,978,158	1,380,188	\$3,975,958
Shares issued for cash	400	2,200	400	2,200
	1,380,988	\$3,980,358	1,380,588	\$3,978,158

The company has granted options to purchase shares, which expire at varying dates up to April 6, 1978 to directors (10,000) and to employees (17,800); 22,800 shares at \$5.50 per share and 5,000 shares at \$7.37 per share. The company has reserved 291,525 shares for conversion of debentures.

13. REMUNERATION TO DIRECTORS AND SENIOR OFFICERS:

	1975	1974
Paid by Allarco Developments Ltd.	\$ 235,296	200,291
Paid by subsidiary	65,000	52,000
	\$ 300,296	252,291

notes to consolidated financial statements cont'd.

14. SALES AND DIVISIONAL PROFITS (IN THOUSANDS OF DOLLARS):

	1975		1974	
	Sales	Divisional Profit	Sales	Divisional Profit
Automotive	\$ 29,665	649	28,000	924
Restaurants	9,621	1,121	7,970	1,172
Real Estate	8,612	3,429	7,726	2,525
Aviation	2,765	[296]	4,550	(595)
Television	4,573	[1,129]	1,884	(598)
Construction	4,387	51	6,631	145
Other	2,970	537	2,566	410
	\$ 62,593	4,362	59,327	3,983

Interest on long-term debt included in cost of sales in the statement of operations amounted to \$4,542,188 (1974 - \$3,332,911).

15. COMMITMENTS AND CONTINGENCIES:

At December 31, 1975, the company is contingently liable as an endorser of customers' secured notes arising from retail sales in the automotive division for the amount of \$2,976,626, and as a guarantor of loans and a mortgage payable of \$2,788,000.

The company and other shareholder of Alberta Gas Chemicals Ltd. have jointly and severally guaranteed \$13,450,000 of that company's borrowings.

The company has entered into four joint venture agreements to develop land and is contingently liable on mortgages for a total of \$3,695,084 over a period of years. Any payments which might be necessary would improve the company's secured position in regard to the land.

During the year the company introduced a pension plan which provided for certain past service benefits. There is an unfunded liability of approximately \$259,000 relating to these benefits, and this amount is being paid, and charged to earnings, at an annual rate of \$26,000 over the next 15 years.

The company has claimed damages of approximately \$1,250,000. for breach of a certain contract; a counter-claim of \$3,000,000. has been made against the company. Based on the facts known to this stage, counsel for the company is of the opinion that the company's claim has a reasonable chance of success, and that the counter-claim has very limited prospects of success and, in any event, is greatly in excess of any provable loss.

16. ANTI-INFLATION:

The company and its subsidiaries are subject to the federal Anti-Inflation Act and Regulations, and in certain cases to provincial rent control regulations. As a result the companies' ability to increase prices, profit margins and compensation, and to pay dividends is restricted.

DIRECTORS

Dr. Charles A. Allard - M. D.,
F.R.C.S. (C)
Zane Feldman
J. Cameron Allard
Morris Klimove
J. J. LoPorto

EXECUTIVE OFFICERS

Charles A. Allard - President &
Chairman of the Board
Zane Feldman - Vice-Chairman
J. Cameron Allard - Executive
Vice-President
Morris Klimove - Vice-President
-Restaurants
C. R. Allard - Secretary
Arthur R. Smith - Vice-President -
Corporate Affairs
J. R. Otteson -
Treasurer/Comptroller

AUDITORS

Peat, Marwick, Mitchell & Co.

STOCK EXCHANGE LISTINGS

Toronto Stock Exchange

REGISTRARS AND TRANSFER AGENTS

North West Trust Company
Montreal Trust Company

TRUSTEES FOR DEBENTURES

Montreal Trust Company

EXECUTIVE OFFICES

11456 Jasper Avenue Edmonton -
Canada T5K 0M1

